

COST VARIANCE ANALYSIS: (-\$1.0M)

WBS

Title

1.5.1.1

Landlord

Description and Cause: The 15 percent unfavorable cost variance is largely due to a \$2.0M overrun in cost for the recovery from the on-site and off-site activities related to the 200 East Area Contamination Event, being temporarily costed to the Landlord Project. These costs will be properly allocated to the projects, once designated. This overrun is being offset by a \$0.9M underrun which is due to long lead procurements for Fire Department Equipment, a funding reduction which is scheduled but has not been removed from the baseline, efficiencies in Construction forces which underran Project D-424, “324 Facility Compliance”, and a change in scope on Project L-297, “Equipment Dispositioning” in which characterization of well cars will be completed versus definitive design and NEPA for a temporary building.

Impact: If costs for the 200 East Area contamination event continue to be absorbed, the Landlord Project will exceed its funding.

Corrective Action: The recovery costs will be transferred to the responsible projects upon completion of the incident investigation. This transfer is expected to happen in April 1999. The rest of the issues should be corrected by May 1999.